

Task Force on University of Wyoming Housing



*Prepared by the
Legislative Service Office*

November 1, 2018

Task Force on University of Wyoming Housing

The Task Force was created by 2018 Session Laws, Chapter 136, Section 13.

Task Force Members

Legislative Members

Senator Glenn Moniz, Cochairman
Representative Steve Harshman, Cochairman
Senator Tara Nethercott
Representative Bob Nicholas

Non-Legislative Members

Sean Blackburn
Kermit Brown
Patrick Fleming
Clayton Hartman
Mary Kay Hill
John McKinley
JT Walsh

Legislative Service Office Staff

Matt Obrecht, Director
Dawn Williams, Senior Fiscal Analyst
Ryan Frost, Legislative Editor

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Executive Summary

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Part 1

Enabling Legislation, Task Force Members, and Meetings

Enabling Legislation

2018 Session Laws, Chapter 136, Section 13.

[TASK FORCE ON UNIVERSITY OF WYOMING HOUSING]

(a) There is created a task force on University of Wyoming housing comprised of the following members, appointed not later than March 31, 2018:

- (i) Two (2) members of the senate, appointed by the president of the senate;*
- (ii) Two (2) members of the house of representatives, appointed by the speaker of the house;*
- (iii) One (1) employee or elected official of the executive branch appointed by the governor to serve as his designee;*
- (iv) One (1) member appointed by the treasurer who shall be informed of state funding options, state investment goals and public purpose investments;*
- (v) Two (2) members of the board of trustees of the University of Wyoming appointed by the University of Wyoming board of trustees;*
- (vi) One (1) member appointed by the president of the University of Wyoming;*
- (v) One (1) member appointed by the governor with experience in providing large scale private student housing in Laramie;*
- (vi) One (1) member appointed by the governor from the University of Wyoming foundation with experience in public and private finance.*

(b) The cochairmen of the task force shall be appointed by the president of the senate and the speaker of the house, respectively. The task force shall meet at the call of either the cochairmen or a majority of the membership of the task force.

(c) The task force shall review the housing master plan submitted to the joint appropriations committee by the University of Wyoming in January 2018 on file with the legislative service office and shall provide recommendations regarding implementation of the plan, revisions to the plan and potential financing alternatives, including state support, to implement the plan or a revised plan including:

- (i) Investment of the permanent Wyoming mineral trust fund, other permanent funds administered by the state of Wyoming or nonpermanent funds of the state available for long-term investment in projects undertaken in furtherance of the plan whether directly or through the purchase of bonds issued by the university. The review shall consider:*

(A) Potential state investment in refunding of existing University of Wyoming bonds in order to reduce interest incurred by the university;

(B) Interest rates which may be incurred by the university with and without such state investments;

(C) Potential gains or reductions of state investment returns through state funding of projects, including the potential for capital gains and losses in comparison to investment of the state funds pursuant to the state master investment policies, and overall benefits to the state of Wyoming under each alternative.

(ii) The feasibility of public/private partnerships in financing and operating projects under the plan, including tax revenue implications, potential impact on state funding, liabilities and the availability of revenues to the university under those partnerships as compared to funding and operation of the projects through exclusive public means;

(iii) Timeframes for undertaking components of the plan in consideration of other state funded capital construction projects, including university, community college, school district and state capital facility projects;

(iv) Whether the housing master plan as submitted to the joint appropriations committee has the capacity to meet the long-term needs and demands identified in the student surveys, including parking;

(v) The feasibility of providing financial assistance to the fraternity and sorority system as an incentive to reinvest and relocate fraternity and sorority housing to Harney Street, allowing for a larger footprint for the ten (10) year housing plan;

(vi) Whether the housing master plan will provide competitively priced housing to students mandated to use provided housing;

(vii) Whether the housing master plan will not discourage construction of private off-campus housing for students not mandated to use on-campus housing;

(viii) Options for the joint appropriations committee to consider regarding different levels of general fund appropriations to augment the appearance and contribution to the architecture of the University of Wyoming.

(d) The task force shall provide a report of its findings to the University of Wyoming board of trustees, joint appropriations committee and the select committee on capital financing and investment not later than November 1, 2018. The report may include recommendations for legislative action, including whether the moratorium provided in subsection (h) of this section should be extended.

(e) The task force shall be staffed by the legislative service office. The University of Wyoming shall serve in an advisory capacity to the task force and shall provide technical and other relevant information as requested.

(f) The task force shall terminate on June 30, 2019.

(g) Members of the task force who are government employees or public officials shall be considered on official business of their agency or of the legislature when performing duties as members of the task force. There is appropriated sixteen thousand dollars (\$16,000.00) from the general fund to the legislative service office. This appropriation shall be for the period beginning with the effective date of this section and ending June 30, 2019. This appropriation shall only be expended for the purpose of funding salary, mileage and per diem of legislative members of the task

force for attendance at meetings of the task force. Notwithstanding any other provision of law, this appropriation shall not be transferred or expended for any other purpose and any unexpended, unobligated funds remaining from this appropriation shall revert as provided by law on June 30, 2019.

(h) There is imposed a moratorium on the expenditure of funds for demolition or construction in furtherance of the university's January 2018 housing master plan on file with the legislative service office and no university owned real property that is within, adjacent to, contiguous with or east of the university campus in Laramie, Wyoming shall be sold, traded or transferred until after adjournment of the 2019 legislative general session.

Under the law the Task Force exists until June 30, 2019.

Task Force Members

Senator Glenn Moniz, Cochairman (appointed by the President of the Senate)

Representative Steve Harshman, Cochairman (appointed by the Speaker of the House)

Senator Tara Nethercott (appointed by the President of the Senate)

Representative Bob Nicholas (appointed by the Speaker of the House)

Sean Blackburn is the Vice President for Student Affairs at the University of Wyoming (appointed by the President of UW)

Kermit Brown serves as the Secretary for the University of Wyoming Board of Trustees. Mr. Brown is a former Speaker of the House of Representatives (appointed by the UW Board of Trustees)

Patrick Fleming is the Chief Investment Officer for the State of Wyoming's Treasurers Office (appointed by the State Treasurer)

Clayton Hartman is an Emeritus Board Member of the University of Wyoming Foundation. Mr. Hartman has more than 35 years experience as a financial advisor (appointed by the UW Foundation)

Mary Kay Hill is the Policy Director for Governor Matthew H. Mead (Executive branch representative, appointed by the Governor to serve as his designee)

John McKinley serves as the Treasurer for the University of Wyoming Board of Trustees (appointed by the UW Board of Trustees)

JT Walsh is the owner of Real Estate 1 where he manages over 700 rental units in Laramie. Mr. Walsh provides professional expertise in providing large scale private student housing in Laramie (appointed by the Governor)

Task Force Meetings

The Task Force held seven (7) formal meetings in Laramie, Wyoming, and four (4) informal subcommittee meetings via conference call. Task Force members took two (2) comprehensive tours of the UW campus and buildings. At each meeting, in addition to the agenda topics, interested parties and the public were invited to address the Task Force. Copies of the meeting minutes for all meeting are attached to this report as Appendix A, and submissions to the Task Force including all the materials from the University of Wyoming are available on the Wyoming Legislature's website at: <http://www.wyoleg.gov/Committees/2018/S4>

Items Specifically Addressed as Agenda Topics:

- History of UW housing
- Review of 2015 UW housing plan
- Review of 2017 UW Master Plan
- UW's bonding capacity
- Financing, cash flow, interest rates
- Review of UW's infrastructure
 - Comprehensive campus tour
 - IT building
 - Wyoming Hall
 - Energy needs required to accommodate new residence halls; expansion of the West Campus Energy Plant
- Parking
- Public financing options
- Public Purpose Investments (PPIs)
- Public / Private Partnerships
- Demolition of current buildings

The Task Force invited and heard from many representatives at the University of Wyoming, and numerous organizations, including:

- Balfour Beatty Campus Solutions
- Bison Run Village
- CRAFT Collaborative
- Haselden Construction
- George K. Baum and Company
- Kappa Kappa Gamma
- Louisiana State University
- Louisiana Public Facilities Authority
- Signet
- Sigma Nu

Part 2

Task Force Charge and Recommendations

Item 1 – Review the Housing Master Plan(s)

2018 Session Laws, Chapter 136, Section 13 (c)

(c) The task force shall review the housing master plan submitted to the joint appropriations committee by the University of Wyoming in January 2018 on file with the legislative service office and shall provide recommendations regarding implementation of the plan, revisions to the plan and potential financing alternatives, including state support, to implement the plan or a revised plan.

Recommendation #1:

In response to its charge, the Task Force makes the following recommendation for revising the UW housing master plans as follows:

- (a) UW should construct as soon as practicable, approximately two thousand (2,000) replacement beds for primarily freshman housing;
- (b) The newly constructed student housing should strive to create, enhance and sustain living and learning communities on the UW campus by following the current housing master plan recommendations for percentage of room types, living spaces and communities, with flexibility for fit and varying price points;
- (c) Included within this recommendation is the planning and construction of all necessary support facilities for the new student housing including: construction of appropriate dining facilities to support the new housing and the overall mission of UW; demolition of existing student housing; adequate and appropriate parking, infrastructure, and a traffic plan to accommodate the project;
- (d) To meet the needs of the students and UW, the new student housing should be located...
- (e) The new student housing development should comply with the UW Board of Trustee's historic exterior design committee's standards.

- (f) The new student housing should be built in a construction method with an expected useful life span which is appropriate for the mission of the student housing and is similar to the useful life expectancy of the buildings in proximity to the new student housing on the UW campus.
- (g) The University Board of Trustees should plan for and construct a Sophomore Village on the UW campus to include approximately one thousand five hundred (1,500) additional beds. Construction of the new Sophomore Village should generally follow the recommendations for the replacement of the freshman student housing.

Item 2 – Financing Options

2018 Session Laws, Chapter 136, Section 13 (i) through (ii)

(i) Investment of the permanent Wyoming mineral trust fund, other permanent funds administered by the state of Wyoming or nonpermanent funds of the state available for long-term investment in projects undertaken in furtherance of the plan whether directly or through the purchase of bonds issued by the university. The review shall consider:

(A) Potential state investment in refunding of existing University of Wyoming bonds in order to reduce interest incurred by the university;

(B) Interest rates which may be incurred by the university with and without such state investments;

(C) Potential gains or reductions of state investment returns through state funding of projects, including the potential for capital gains and losses in comparison to investment of the state funds pursuant to the state master investment policies, and overall benefits to the state of Wyoming under each alternative.

(ii) The feasibility of public/private partnerships in financing and operating projects under the plan, including tax revenue implications, potential impact on state funding, liabilities and the availability of revenues to the university under those partnerships as compared to funding and operation of the projects through exclusive public means;

Recommendation #2:

(I) The Task Force recommends the construction of the new student housing at UW be constructed in two phases not to exceed five hundred million dollars (\$500,000,000.000) in total construction cost, utilizing the following timeframe and financing options.

(A) Phase I (Replacement of Freshman Student Housing):

- (a) For fiscal years 2019 and 2020, the legislature should adopt legislation to direct the execution of a loan to UW of up to one hundred million dollars (\$100,000,000.00) from nonpermanent funds of the State of Wyoming for the defeasance of UW's existing bond obligations and to provide other necessary initial costs of the student housing project. This loan should be made for a term of twenty (20) years and should include an annually adjusted interest one-quarter of a percent (.25%) higher than the return received by the State in the immediately preceding fiscal year on the fund from which the loan was made. The interest rate should be capped at a maximum rate of four percent (4.0%) per annum.

(b) In each of the next three (3) fiscal years beginning in fiscal year 2021, the legislature should loan UW up to fifty million dollars (\$50,000,000.00) a year at the same terms as the initial loan. These loans shall not exceed two hundred fifty million dollars (\$250,000,000.00) in total.

(c) For the remainder of the project costs for Phase I, UW may issue short term or long term securities and leverage the loaned State funds to achieve the best overall cost of capital to complete the project.

(B) Phase II (Sophomore Village)

(a) The construction for this phase of the student housing plan should begin in fiscal year 2023. Additional planning is required to finalize this student housing development. The Task Force would recommend additional collaboration between the Legislature and UW on the development of Phase II and monitoring/advising as planning and construction commence on Phase I.

The Task Force recommends Phase I planning, financing, and construction commence immediately after the 2019 legislative session

(II) The Task Force recommends that the Legislature reinstitute the UW Supplement Revenue Bond Coverage Program.

(A) In 2011, the Legislature enacted the University revenue bond supplemental coverage program at W.S. 9-4-1003. The program provided State coverage for UW issued revenue bonds to ensure that any bonds were issued at the most competitive, lowest rate possible. The program authorized up to eighteen million dollars (\$18,000,000.00) in federal mineral royalties which would otherwise have been deposited in the Budget Reserve Account to guarantee payments in each fiscal year (W.S. 9-4-601(d)(vii)) only in the event the University was unable to meet its bond repayment obligations. The statutory program required a pledged-resources to bond payment ration of 2.5 to 1 for the University to take advantage of the State guarantee. W.S. 9-4- 1003 is still in effect, but by its very terms is only available for bonds issued prior to November 1, 2015.

(B) The program was underutilized for several reasons such as appropriate projects requiring University bonding, availability of direct State appropriations, beneficial federal bonding programs, and the relatively high required ratio of revenues to debt payments. That ratio is considerably higher than requirement available elsewhere under alternative bonding and lending mechanisms, as presented to the Task Force. As a result, the Task Force recommends a required available revenues to debt ratio of 1 to 1 in order to benefit from this state program. The Task Force also recommends the program be re-authorized, including a total supplement coverage of up to thirty million dollars (\$30,000,000.00) from the “over-the-cap” federal mineral royalty annual payments.

Item 3 – Timeframes

2018 Session Laws, Chapter 136, Section 13 (iii)

(iii) Timeframes for undertaking components of the plan in consideration of other state funded capital construction projects, including university, community college, school district and state capital facility projects;

Recommendation #3:

Item 4 – Long-Term Needs and Parking

2018 Session Laws, Chapter 136, Section 13 (iv)

(iv) Whether the housing master plan as submitted to the joint appropriations committee has the capacity to meet the long-term needs and demands identified in the student surveys, including parking;

Recommendation #4:

See Recommendation 1(c).

Item 5 – Fraternity and Sorority System

2018 Session Laws, Chapter 136, Section 13 (v)

(v) The feasibility of providing financial assistance to the fraternity and sorority system as an incentive to reinvest and relocate fraternity and sorority housing to Harney Street, allowing for a larger footprint for the ten (10) year housing plan;

Recommendation #5:

The Task Force recommends.... *[insert recommendation]*.

Item 6 – Competitively Priced On-Campus Housing

2018 Session Laws, Chapter 136, Section 13 (v)

(vi) Whether the housing master plan will provide competitively priced housing to students mandated to use provided housing;

Recommendation #6:

The Task Force finds that the UW housing master plan, as modified by the recommendations in this report, will provide a range of on-campus housing options with various competitive price points.

Item 7 – Private Off-Campus Housing

2018 Session Laws, Chapter 136, Section 13 (vii)

(vii) Whether the housing master plan will not discourage construction of private off-campus housing for students not mandated to use on-campus housing;

Recommendation #7:

The Task Force recommends.... *[insert recommendation]*.

Item 8 – Options for JAC

2018 Session Laws, Chapter 136, Section 13 (viii)

(viii) Options for the joint appropriations committee to consider regarding different levels of general fund appropriations to augment the appearance and contribution to the architecture of the University of Wyoming.

Recommendation #8:

The Task Force recommends that the Joint Appropriations Committee (JAC) consider sponsoring 19LSO-0127 that would implement certain recommendations noted above, which require legislative action. (Draft legislation for JAC's consideration is attached in Appendix B.)

[Staff note: The above outline contemplates recommendations for each item and draft legislation and provides placeholders for each. It is possible that the Task Force may not have recommendation on all items or agree to forward legislation.]